



INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF ZAD HOLDING COMPANY QPSC

Reporting on Description of the Processes and Internal Controls and suitability of the Design of Controls over Financial Reporting.

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (“QFMA”) Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over Board of Directors’ description of the processes and internal controls and assessment of suitability of the design of the Company’s internal controls over financial reporting (“ICOFR”) as at 31 December 2020.

Responsibilities of the directors and those charged with Governance

The Management provided its ‘Report on Internal Control Over Financial Reporting’ (the ‘ICOFR Statement’), which includes:

- the Board of directors’ assessment of the suitability of design of internal control framework over financial reporting;
- the description of the process and internal controls over financial reporting for the processes of, cash receipts and receivables, cash payments and payables, investments and financial reporting and entity-level controls.
- the control objectives; identifying the risks that threaten the achievement of the control objectives;
- designing and implementing controls to achieve the stated control objectives; and
- identification of control gaps and failures; how they are remediated; and procedures set to prevent such failures or to close control gaps.

The Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria of framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (“COSO framework”).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that if operating effectively would ensure the orderly and efficient conduct of its business, including:

- adherence to Company’s policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations, including the QFMA’s law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA’s Board pursuant to Decision No. (5) of 2016

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the ICOFR Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibilities

Our responsibilities are to: express a reasonable assurance opinion on the fairness of the presentation of the ICOFR Statement to achieve the related control objectives stated therein, based on our assurance procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance

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Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB').

This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the ICOFR statement is fairly presented and the internal controls were suitably designed, in all material respects, to achieve the related control objectives stated therein.

An assurance engagement to issue a reasonable assurance opinion on the description of the processes and internal controls and the design of internal controls over financial reporting at an organisation involves performing procedures to obtain evidence about the fairness of the presentation of the description of the processes and internal controls and the suitability of design of the controls. Our procedures on internal controls over financial reporting included, for all significant processes:

- obtaining an understanding of internal controls over financial reporting for all significant processes;
- assessing the risk that a material weakness exists; and
- testing and evaluating the design of internal control based on the assessed risk.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to affect the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are, cash receipts and receivables, cash payments and payables, investments and financial reporting. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the suitability of design, whether due to fraud or error. Our procedures also included assessing the risks that the ICOFR Statement is not fairly presented and that the controls were not suitably designed to achieve the related control objectives stated therein.

An assurance engagement of this type also includes evaluating Board of Directors' assessment of the suitability of the control objectives stated therein. It further includes performing such other procedures as considered necessary in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on the Company's internal control system over financial reporting.

Meaning of Internal Controls over Financial Reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. An entity's internal control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of the management of the entity; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements, which would reasonably be expected to impact the decisions of the users of financial statements.

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Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

Because of the inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met. In addition, projections of any evaluation of the internal controls over financial reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Furthermore, the controls activities designed, implemented and operated during the period covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over financial reporting prior to the date those controls were placed in operation.

Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

In our opinion, based on the results of our reasonable assurance procedures:

- a) the ICOFR Statement fairly presents the Company’s system that had been designed as of 31 December 2020; and
- b) the controls related to the control objectives were suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the relevant controls operated effectively as at 31 December 2020, in all material respects, based on the COSO framework.

Kuriachan V Kuriakose
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Date: March 6, 2021
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